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Via e-mail: [1605bgeneralguidelines.comments@hq.doe.gov](mailto:1605bgeneralguidelines.comments@hq.doe.gov)

February 13, 2004

Re: International Paper Comments on the Voluntary Greenhouse Gas Reporting  
Program: General Guidelines; 10 CFR Part 300 Proposed Rule

Mr. Friedrichs:

International Paper is a paper and forest products company that operates worldwide and is also the largest forest products company in the world. IP operates in 45 states and numerous countries around the world. Currently in the US, IP is participating in several voluntary programs and greenhouse gas reduction efforts including the EPA Climate Leaders Partnership and the Chicago Climate Exchange®. International Paper is also a member of the American Forest and Paper Association (AF&PA), a participant in Climate VISION.

International Paper (IP) recognizes that climate change is an issue of global interest and we have taken many steps to meet our responsibilities in this area including developing a corporate-wide greenhouse gas (GHG) reduction goal. Because of our high level of concern and commitment on this issue, IP views the proper development of a national registry to be of critical importance. As such, we have prepared the following comments on the proposal.

### **General**

International Paper feels strongly that the purpose of the registry should be a place for entities to report emissions consistently from year to year. The current General Guidelines proposal goes much farther by introducing qualifications and restrictions on registration of emissions. IP believes that a registry should be a simple, consistent and transparent reporting of emissions from year to year. DOE has over complicated this process, and as such, has limited the usefulness of the 1605(b) program.

DOE has not clearly defined the intended use of the registry. As a result, there has been much confusion over the content of the proposal. For example:

- Does DOE intend for 1605(b) to function as the reporting platform for other government voluntary programs? If so, the current proposal lacks consistency with those programs in format and by limiting reductions to a specific timeframe of 2002 and after.
- Does DOE intend for the 1605(b) program to be a registry for an entity-wide emissions inventory that is specific to the 1605(b) program. That is, does DOE intend for 1605(b) to be fully inclusive of inventory protocols that apply only to the 1605(b) program? If so, this is not clear from reading the guidelines. If not, the 1605(b) guidelines are incompatible with other accepted inventory protocols.
- Does DOE intend to develop a reporting platform for a government sponsored trading scheme? If so, the program is insufficient to address the concerns associated with credit trading. If not, the reduction registration provisions are too restrictive and are incompatible with other existing trading schemes.
- Does DOE intend to establish policy regarding renewable energy and forest management? If so, these policy objectives should be clearly stated. If not, current provisions are potentially incompatible with international protocols and standards that have been widely accepted thus far.

IP believes that DOE should more clearly define the scope of the registry, and in light of the above issues, narrow the scope where possible. Clearly, policy decisions such as the inclusion of certain sources, renewable energy, forest management, and inclusion of international sources are decisions that rest with the US government. IP encourages DOE to make these decisions and requests that wherever possible, policies should remain consistent with EPA programs, international agreements, and policies already agreed to by the US under the UNFCCC.

### **Key Issues and Comments**

Biomass The Department should make it clear that renewable energy is not a source of greenhouse gas emissions. The current language in the Guideline is ambiguous in this area. Biomass as a GHG neutral source of energy is a long standing and globally accepted principle. DOE should make it clear that reporting of such emissions is purely “supplemental” in nature and that biomass is not considered to be a contributor to global warming but rather is one possible solution. In fact, failure to treat biomass as neutral appears to be in direct contradiction to the President’s climate change initiatives encouraging use of renewables such as wind, solar, and biomass.<sup>1</sup>

Sequestration As written, the General Guidelines are unclear on whether the Department is requiring forest owners to inventory and calculate sequestration and report the results annually. It appears from some portions of the text that this indeed was the Department’s intention. International Paper opposes such a requirement for two reasons. First, annual accounting for large forestry operations is not meaningful due to the nature of growth, age, and harvest cycles. Sustainably managed forests have constant annual fluctuations

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<sup>1</sup> The same announcement of February 2002 which charged DOE with the task of updating 1605(b) also included several incentives for biomass energy.

in standing stocks, however, these forests when monitored over a long time horizon are essentially carbon neutral if not net sequesterers of carbon.

Second, for large land areas, the degree of accuracy needed to measure *changes* in large volumes of carbon is very high. Monitoring and measuring activities that generate the accuracy needed for this type of accounting is extensive and very costly. If DOE imposes such a requirement, it will become a serious disincentive to voluntary reporting.

Although it is difficult to ascertain exactly what the requirements are without the Technical Guidelines, it seems clear that alternative provisions should be considered in lieu of required annual accounting. One option would be to allow forest owners to demonstrate that their forests are at least carbon neutral if they are sustainably managed either through a certification program or other demonstration mechanism.

Lack of consistency with published protocols The 1605(b) General Guidelines proposal differs substantially from other widely accepted protocols such as the WRI/WBCSD *GHG Protocol*. The reasons for these deviations are unclear and unwelcome. Many large emitting entities have been accounting for GHG emissions and have been reporting them publicly for many years. Deviations from past practices generate significant additional work for the reporting entity and causes confusion among entity stakeholders. International Paper believes that deviations from such widely accepted practices will create a disincentive for voluntary reporting.

This issue is most relevant in the definition of emission categories and in the incomplete treatment of indirect emissions, electricity imports and exports, biomass emissions and significant outsourced activities. The gases covered by the registry are also inconsistent. DOE should limit the reporting of gases to the standard six Kyoto gases. It is also unclear to what extent emission factors will vary from standard factors used by the IPCC, WRI/WBCSD *GHG Protocol*, and the EPA requirements. IP requests that DOE remain as consistent as possible with these factors and programs to minimize the burden on reporting entities.

Technical Guidelines Throughout the General Guidelines reference is made to the Technical Guidelines. In some areas, such as the definition of carbon stocks and the methods for calculating reductions, the technical information is a critical component of the requirements. Until the Technical Guidelines are published, the adequacy of the General Guidelines cannot be fully evaluated.

Emissions Intensity Reductions International Paper supports the concept of reporting reductions in intensity or in absolute emissions. IP believes that the choice for using either metric should be left to the reporting entity. Intensity metrics may be appropriate for some business types and inappropriate for others. In many cases, intensity is not valuable unless measured and reported by product line which can be difficult and burdensome, but in other cases intensity may be the ideal metric as in the case of utilities. As long as a company reports and registers reductions every year using the same metric no qualifiers should be imposed by DOE on the use of emissions intensity.

Section 300.8(b)(1) allows reductions associated with emissions intensity as long as “changes in products have not contributed significantly to changes in emission intensity.” IP feels strongly that such qualifiers are invalid. If an entity has a valid inventory based on a standard protocol, changes in acquisitions and divestitures will be routinely and predictably reflected in the inventory. Changes in products should not be penalized as some product changes may be very beneficial and valid GHG reduction strategies. It is unclear why DOE would wish to restrict such changes.

Absolute Emissions Reductions As stated above, International Paper supports the concept of reporting reductions in intensity or in absolute emissions. IP believes that the choice for using either metric should be left to the reporting entity. As with emissions intensity reductions, DOE has placed unnecessary restrictions and qualifiers on reporting absolute emission reductions.

In Section 300.8(b)(2), absolute emissions reductions are allowed if changes were not the results of “reductions in U.S. output, or major shifts in the type of product produced.” Once again, if an entity has a valid inventory based on a standard protocol, changes in acquisitions, divestitures and plant closures will be routinely and predictably reflected in the inventory.

In this section, DOE is imposing value judgments on reduction types without a clear policy statement. IP believes that plant closures are valid reductions because equipment replacement and technology changes are well recognized strategies for long-term reductions in GHG emissions. By limiting the timeframe for reductions and restricting plant closures or changes in production, DOE has failed to recognize the nature of capital investment cycles and fundamental technology changes that are necessary to achieve the national goal. If DOE is concerned about movement of production and emissions out of the country, this may be addressed through transparency of reporting for all operations owned by a company both domestic and international. International Paper’s operations are global in scope and it is our intent to capture significant emissions accordingly.

Treatment of Small Emissions The Department has requested comment on the treatment of small emissions. As DOE has explained, the current proposal of reporting “3% or 10,000 tons whichever is less” is unworkable for large emitters. In some cases where 10,000 is less than 0.1% of an entity’s emissions, compliance with this requirement is impossible or at best infeasible. DOE’s alternative of reporting “3% or 10,000 tons whichever is greater” is the only workable solution. Again, IP recommends that DOE defer to other widely accepted standards on this issue including approaches taken by US EPA.

Operational Boundaries In the preamble, DOE states that the “Guidelines do not address...the reporting of non-U.S. emissions and emission reductions.” In the explanation of the entity statement and operational boundaries, however, no reference is made to U.S. only emissions and no guidance is given in this regard.

Section 300.4 states that operational boundaries should be “consistent with the entity’s existing legal, managerial and financial structure.” These structures, however, may not correspond to U.S. national boundaries. DOE should clarify this section to include or exclude international operations.

Entity Statement The entity statement requirements under section 300.5 (7)(b) and 300.5 (7)(c) of the General Guidelines demand excessive detail and discourage entities from reporting. For example, paragraph 300.5(7)(b) would require an entity to report “reasons for changing the scope of entity reports.” Paragraph 300.5(7)(c) would require an entity to document changes to entity statements in future reports including changes in the entity’s organization (geographic or operational) boundaries.”

Such requirements are overly burdensome. If an entity is following a well-established protocol, the entity’s certified emissions and reductions should be accepted by the 1605(b) registry without filing an amended entity statement.

An amended entity statement is unnecessary if rules are established for making baseline adjustments. With such rules in place, adjustments can be made to the baseline, and the reporting entity can maintain the supporting documentation as part of its standard business records.

In accordance with standard protocols, baselines should be adjusted when entities transfer or acquire operating facilities or activities. Conversely, actions that increase emissions – such as an increase in output – or decrease emissions – such as closing facilities – do not require an adjustment to the baseline. These changes will be reflected in the net emissions and reduction calculations and should not require detailed changes to the entity statement.

Reporting for other entities, such as trade associations, and consistency with other voluntary programs International Paper believes that a consistent platform is appropriate for reporting for various government climate change programs. The 1605(b) registry, however, must be able to accommodate the requirements of these programs. IP encourages DOE to revise the registry to reflect the principles established by the EPA in the Climate Leaders program including minimal data submission for independently verified inventories. IP does not support the use of the registry for reporting by trade associations under the Climate VISION program unless participants in that program are held to identical reporting standards as other reporting entities. Association submittals should be derived on the basis of recognized inventory and accounting protocols such as WRI/WBCSD. In addition, they should be subject to comparable certification requirements.

#### Registration no earlier than 2002

International Paper opposes the limitation DOE has placed on reduction registration that limits reductions to 2002 or after. Such a restriction penalizes early action. Since the information contained in the 1605(b) registry is not used to compile the national inventory, this restriction is unnecessary to measure progress toward the President’s goal.

This limitation on baseline year also contributes to the incompatibility of the registry with other well established programs such as the EPA Climate Leader program. This limitation is also inconsistent with other trading programs such as the Chicago Climate Exchange. This restriction appears to be in conflict with the stated goal of the registry to preserve credits for entities which take action to reduce GHG emissions.

#### Independent Verification

International Paper supports the inclusion of independent verification. While it may not be necessary to require independent verification from all entities, DOE should greatly reduce the reporting burden for entities that choose to undertake such an effort. Detailed evaluation of verified inventories by DOE will be duplicative and unnecessary, and a reduction in reporting for third party certified inventories could be a valuable incentive for both verification and 1605(b) participation. As a reference for this approach, IP recommends that DOE consider the model proposed by the World Economic Forum global registry that requires verification but does not require submission of detailed data.

#### **Concluding Remarks**

IP appreciates the substantial effort put forward by the agency to retain flexibility in the Guidelines and to incorporate the concerns of all stakeholders. We believe, however, that substantial revisions should be made to make the 1605(b) Guidelines to be more consistent with other widely accepted protocols and international expectations. We also direct your attention to the comments being submitted by the CCX and incorporate them herein by reference.

For questions regarding these comments you may contact Karen Risse at (901) 419-3958 ([Karen.risse@ipaper.com](mailto:Karen.risse@ipaper.com)) or myself at (901) 419-3896 .

Sincerely,



Duane Marshall  
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